



Nippon **india** Mutual Fund

Wealth sets you free

AGGRESSIVE HYBRID FUNDS



Aim for growth with stability

To know more, contact your **Mutual Fund Distributor** today.

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.



An Investor Education & Awareness Initiative of
 Nippon *india* Mutual Fund

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Helpful information for investors

All Mutual Fund investors have to go through a one-time KYC (know your Customer) process. Investors should deal only with registered mutual funds, to be verified on SEBI website under 'Intermediaries/ Market Infrastructure Institutions'. For redressal of your complaints, you may please visit www.scores.gov.in. For more info on KYC, change in various details & redressal of complaints, visit <https://mf.nipponindiaim.com/InvestorEducation/what-to-know-when-investing.htm>. This is an investor education and awareness initiative by Nippon India Mutual Fund.

Disclaimer

The information provided in this booklet is solely for creating awareness about hybrid funds and for general understanding. The views expressed herein constitute only the opinions and do not constitute any guidelines or recommendations on any course of action to be followed by the reader. Many of the statements and assertions contained in this booklet reflects the belief of Nippon Life India Asset Management Limited, which may be based in whole or in part on data and other information. Nippon Life India Asset Management Limited (formerly known as Reliance Nippon Life Asset Management Limited) does not guarantee the completeness, efficacy, accuracy or timelines of such information. This information is not intended to be an offer or solicitation for the purchase or sale of any financial product or instrument. Readers of this booklet are advised to seek independent professional advice, verify the contents and arrive at an informed investment decision. Neither the Sponsor, the Investment Manager, Mutual Fund, the Trustee, their respective Directors, nor any person connected with it accepts any liability arising from the use of this information.

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PREFACE



The Mutual Fund industry has grown fast to become an important component of the Indian economy, helping channelise household savings into the capital market. Moreover, Mutual Funds investment has become an important way for citizens' private investment and wealth management. In light of this, investor education is an important aspect to keep the investor well informed, as well as protect their legitimate rights and interests, particularly for small and medium investors.

This booklet is a specific exhibition of Nippon India Mutual Fund's efforts to spread awareness and continue building the investors' knowledge. It explains investment related information in simple language and in a lively and vivid manner. I am sure, investors of all kinds will find value in this booklet and be encouraged to use this as a stepping stone towards practicing financial prudence.

All the very best and happy reading.

A handwritten signature in black ink that reads "Sundeep Sikka". The signature is written in a cursive style with a long horizontal line underneath.

Sundeep Sikka

Executive Director & CEO

Nippon Life India Asset Management Limited

(Formerly known as Reliance Nippon Life

Asset Management Limited)

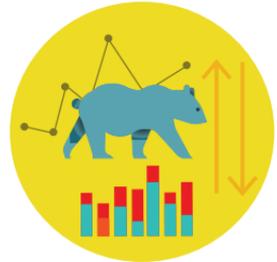
FIRST STEP TOWARDS EQUITY INVESTING

Raj is new to investing.
He wants to invest for his future goals.



He understands that he should be investing in equity for long term goals.

- ✓ Beat inflation
- ✓ Benefits of Compounding



However he is worried about the risks and volatility in equity investments over the short term.

- ✓ Providing relative Stability of fixed income investments



The ideal way of going about this is to invest in **equities** and have some exposure in **debt instruments** as well.

HOW DOES HE REBALANCE?

Markets are ever changing and the portfolio needs to align to the changes in the markets.
Raj needs to rebalance the allocation to equity and debt instruments on a regular basis.



Rebalancing involves actually selling and buying of equity or debt instruments.



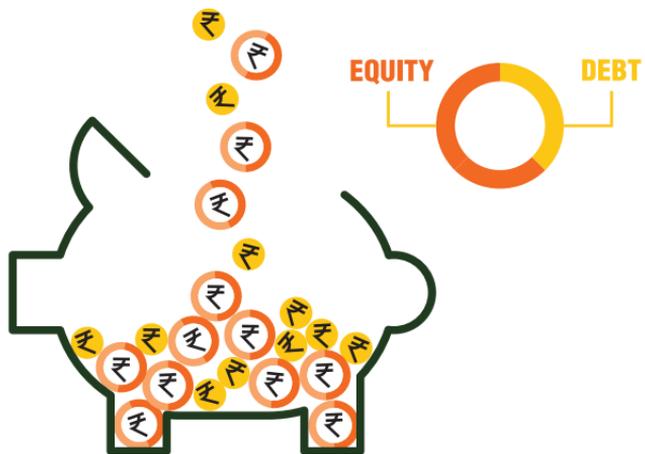
Is there any **hassle-free** way of investing in equity and debt at the same time?

AGGRESSIVE HYBRID FUND

Raj can invest in a aggressive hybrid fund.

A aggressive hybrid fund invests in a combination of equity and debt securities.

Aggressive Hybrid Funds have an allocation of 65-80% to equity and the rest to debt instruments.



The equity allocation can be increased depending upon market conditions.

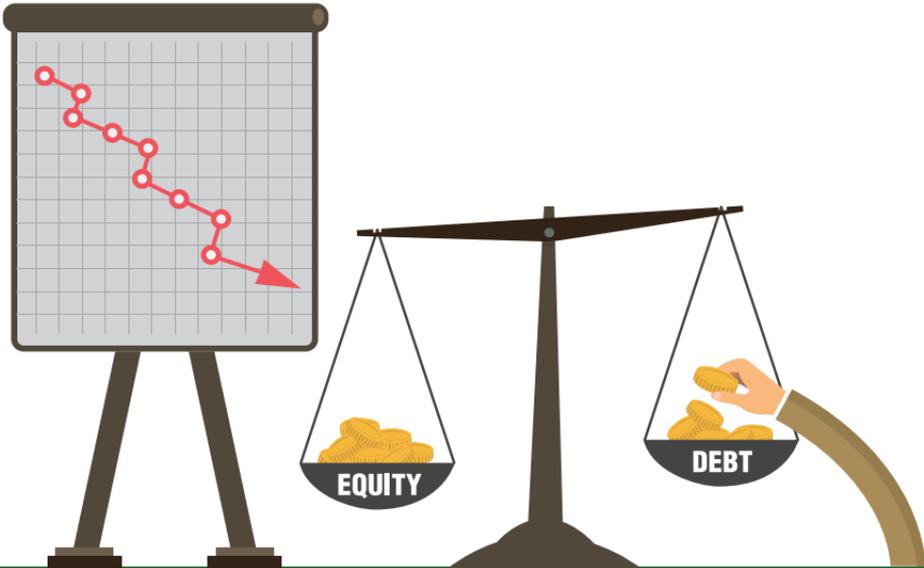


Aggressive hybrid funds offer the chance of **capital appreciation** from the equity portion while providing relative **stability** from fixed income investments.

IN A FALLING MARKET

The fund manager increases the exposure to debt instruments when the market sentiment is not positive.

During a bear phase of stock markets, aggressive hybrid funds have a cushion of debt.



The debt component may equip the fund to **withstand shocks** in a falling market.

IN A RISING MARKET

When the market is positive and ready to go on an upswing, the fund manager gradually shifts from debt to equity. Once the bearish phase is out of the way, the aggressive hybrid fund can have a greater allocation to equity.

Raj is thus relieved of the tedious process of rebalancing that automatically is taken care of by his investment.



The equity component aims to drive **growth and capital appreciation** in the aggressive hybrid fund.

HOW HAVE AGGRESSIVE HYBRID FUND PERFORMED?

Aggressive Hybrid Fund have given a CAGR of 10.29%% over 10 years

Aggressive Hybrid Fund Index Name

1 year %

2 year %

3 year %

4 year %

5 year %

7 year %

10 year %

CRISIL Hybrid 35+65-Aggressive Index

20.75%

14.42%

11.02%

11.45%

12.49%

12.25%

10.29%

As on 31st Dec 2020

Source for CRISIL (35+65) Aggressive Index

<https://www.crisil.com/en/home/what-we-do/financial-products/indices.tab1.Hybrid%20Indices.CRISIL%20Hybrid%2035+65%20-%20Aggressive%20Index.html>

The data is related to past performance and is for illustration purposes only.

If Raj would have invested Rs. 5,000 in a Aggressive Hybrid Fund 7 years ago, it would have fetched him Rs. 11,227 as on 31st December 2020 if it had performed in line with the Index.



Past performance may or may not be sustained in future and the same may not necessarily provide the basis for comparison with other investment.

WHY AGGRESSIVE HYBRID FUNDS?



Expertise of Professional Fund Manager

The Fund Manager has the expertise to make investments across equity and debt instruments.



Eliminates Emotional Bias

Investing through a mutual fund removes emotional bias while rebalancing asset classes.



Diversification

A aggressive hybrid fund allows diversification through a mix of asset classes (equity and debt).



Taxation of an Equity Oriented Fund (AY2021-22)

- Long Term Capital gains taxed at 10% over an amount of Rs. 1 lakh during the Financial Year
- Dividends are taxed at the slab rates applicable to the investor



Aggressive hybrid funds aim to achieve **best of both worlds** - equity and debt investment.

MEDIUM TO LONG TERM HORIZON

Since aggressive hybrid funds have a higher allocation to equities, Raj should invest in aggressive hybrid funds for his medium to long term goals.



Aggressive hybrid fund may offer **the benefit of compounding** over the long term by investing in equities.

**AIM TO ACHIEVE YOUR FINANCIAL
GOAL THROUGH AGGRESSIVE
HYBRID FUNDS**

SMS 'EDU' to '561617'

Visit <https://mf.nipponindiaim.com/InvestorEducation>

SMS charges apply.